



The Phoenix Mills Limited (PML)



Financial Controls Policy



1. Introduction

The objective of this policy is to establish guidelines and control procedures to ensure completeness and accuracy in recording/processing of transactions.

The policy provides guidelines on petty cash, payment to employees/third parties, and record keeping after consideration of Anti-Bribery and Corruption risks associated with various aspects of financial transactions.

Further, this policy is designed to ensure that all expenditure is on the The Phoenix Mills Limited (“PMLL” or “the Company”) business; is properly authorised; and can be demonstrated.

2. Scope

This policy is applicable to:

1. All Employees¹ including temporary or off roll employees of PML,
2. All Directors- of the PML; and
3. All business partners (Vendors, Third Party Intermediaries and Customers) including any other persons/individuals or entity, who may be acting on behalf of or having business relationship with PML.

3. Policy Statement

The Company has zero tolerance approach to Bribery and Corruption. This policy applies to all transactions (payments / receivables) with an employee or any private Company or person or a business partner, conducted during course of business in domestic or international market.

Policy provides guidelines on management of cash receipts and payments to ensure that there are no cash pilferage.

PML’s internal financial controls must enable its employees to demonstrate that all of our books, records, accounts and financial statements must be maintained in reasonable detailed manner and appropriately reflect transactions made in accordance with applicable laws and regulations.

Failure to adhere to this policy may result in disciplinary action as per section 6 of this policy.

¹ Employee is an individual who works for the Company either on full time or part time basis or acts as a consultant or an advisor or Subject Matter Expert for the Company and is bounded by the ‘contract of employment’, terms of which are either expressed or implied. They include (i) on-roll workers, trainees, articles, apprentices, seconded etc. whether remunerated or not remunerated for the services offered to the Company, (ii) Team of high level executives or executive management i.e. Chief Executive Officers (‘CXO’s’) and key process owners or AGMs and above level of the Company responsible for strategy, management, planning and administration of the Company and (iii) Any individual having decision making, planning and administration authority/ control in a Company

4. General Guidance

Petty Cash or Cash payments

- Cash payments to be incurred only on exception basis for petty cash expenses for small purchases (stationary, grocery items for office, etc.) for materials of less than INR 5,000 where circumstances preclude regular payment and reimbursement processes and only when it is not possible to pay in any way other than cash.
- Petty cash should not be used for the following:
 - Payment of Third Party Intermediary commission / fees or advance
 - Employee loan or cash advances
 - Any payments to the government bodies/ public officials or entities related to Government or Public officials or to relatives of Government/ Public officials
 - Any payment in the nature of deposits, retention money
- Petty cash provided as advance to employee for meeting official day to day administrative expenses to be paid through IOU after approval of Head of Department for advance up-to INR 5,000 and in case the advance exceeds INR 5,000 approval of Central Director is also required.
- The Petty Cash expense should be settled within 5 working days of incurring the Petty Cash expenses. The claimant seeking reimbursement of an expense in the form of Petty Cash must obtain written approval from the CFO.
- Petty cash reimbursement to employees is against claim forms up-to INR 5,000 after approval of Head of Department and in case the advance exceeds INR 5,000 approval of Central Director is also required.
- No expense can be incurred for which a sum exceeding INR 5,000 in cash is paid in a single day to an employee other than day to day office administrative expense.
- The accounts team is responsible for Petty Cash, will physically tally the cash on hand on a daily basis. A Petty Cash declaration requires to be documented for each petty cash expenses and a detailed Petty Cash register requires to be maintained by the accounts team.
- All cash collections from retailers, scrap dealers etc., to be accounted in books and retailers cash collection to be deposited to bank once the collection amount is minimum of INR 5,000. Cash collected from retailers against dues to be adjusted against their dues.
- All petty cash expense recorded in books to be duly supported by bills.
- Physical cash to be reconciled with books on daily basis.
- Certificate to cash balance to be prepared on monthly basis.
- Cash collections from retailers to be deposited in bank after recording in books.
- All cash payment and receipt vouchers to be properly filed and maintained.

Bank payments

- The Company can pay or receive payments whether in the conduct of doing business with domestic and international business partner of the Company through the following payment modes only:
 - NEFT/ RTGS/IMPS
 - Demand Draft
 - Cheque
- Every payment out of the Company's account must be evidenced by an original invoice or Performa invoice. No payment to be made only against vendors/third party statement or final demand letter, except situations specified in next bullet below. The original invoice will be retained by the Company.
- All the invoices should be approved by user department as per the delegation of authority matrix and subsequently verified by accounts team (as per DoA) with Purchase Orders and agreements signed with the vendors/third parties.
- All the out of pocket expenses paid to third party intermediaries must have sufficient supporting documentations showing the date, amount and nature of expense.

Employee Reimbursements

- In proper circumstances, board members, employees and off role employees are entitled to be reimbursed for expenses related to the Company that they incurred on behalf of the Company.
- All the reimbursements should be approved by supervisor as per Delegation of Authority and for expenses more than INR 10,000 should have been pre informed to supervisor and later approved by the supervisor and Head of Finance/CFO.
- Reimbursements claimed by employees should have;
 - ✓ fares evidenced by tickets
 - ✓ other expenditure evidenced by original receipts or as per travel policy
 - ✓ car mileage based on travel policy
 - ✓ meals and refreshment should have detail of attendees and their designation
- Further, self-approval is not allowed and no cheque signatory signs for the payment of expenses to themselves.

5. Record keeping

All transactions (cash or non-cash) should be adequately recorded in the books and records of the Company with proper classification of the account heads as required under Indian accounting standards, Indian GAAP and US GAAP. The record keeping should include the following:

² Approving or authorizing one's own expenses.

- The books of accounts and records of the Company should be maintained in accordance with the Indian GAAP, applicable rules and regulations of the Country.
- For Government facing transactions, irrespective of the expenditure amount should not be recorded under miscellaneous or other expenses.
- The transactions should be supported with approvals and details of the expense incurred. Adequate proof of receipt of goods/services should be available.
- Proof of payments (invoice/receipt) should be made available.
- Assets should be physical verified.

The Company does not allow any irregular or improper payments³ to its employees or business partners or TPIs in any form. In case of question on any retrospective payments/expense in violation to PML's ABC policy should be reported to the Compliance Officer⁴/ GM Legal/ Centre Director/ Head of Finance/ CFO.

6. Reporting requirements

Any transaction no matter how seemingly insignificant that might give rise to the violation of this policy must promptly be reported to the CFO/ Head of Finance or the person acting on behalf of the person of PML.

7. Compliance and Transparency

A breach of this Policy is likely to cause the Company serious and perhaps irreparable damage as well as jeopardize the personal reputations and liberty of those involved.

Any kind of noncompliance with the terms of this policy results into disciplinary actions listed below. Any individual or entity to whom this policy is applicable and will be subject to strict disciplinary action which might cause:

- Penalty or fine
- Suspension from job/contract for a definite period
- Termination from job/contract
- Legal proceedings

These are equally applicable for the person or entity who hide, avoid or does not knowingly report such instances.

³ A payment is considered corrupt if made or promised for the purpose of inducing an official to act or not act or use influence or obtaining or retaining business or obtaining some other business advantage

⁴ The Compliance Officer is responsible for overseeing, designing, managing and monitoring the Compliance framework of the Company and ensure the Company complies with all applicable regulatory requirements and internal policies of the Company.

8. Amendments

In case of identification of ineffective provisions of the Policy or related business processes of PML, which may be deemed necessary by the Board of directors, the Policy may be amended/ updated by issuing an order under the signature of the Board of directors.